

**Auditing Procedures Report**

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Frenchtown Charter Township		County Monroe
Fiscal Year End December 31, 2007	Opinion Date April 29, 2008	Date Audit Report Submitted to State May 7, 2008		

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	Check each applicable box below. (See instructions for further detail.)
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has adopted a budget for all required funds.
5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A public hearing on the budget was held in accordance with State statute.
6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit only holds deposits/investments that comply with statutory requirements.
9	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin).
10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit is free of repeated comments from previous years.
12	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The audit opinion is UNQUALIFIED.
13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The board or council approves all invoices prior to payment as required by charter or statute.
15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of comments and recommendations.		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Account (Firm Name) McGuire & McDole CPAs		Tele[phone Number 734-854-5044		
Street Address 6588 Secor Road		City Lambertville	State MI	Zip 48144
Authorizing CPA Signature 		Printed Name L. Donavon McGuire		License Number 1101008386



*McGuire & McDole*  
*Certified Public Accountants*

L. Donavon McGuire, CPA  
Mark McDole, CPA

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Tel 734-854-5044  
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April 29, 2008

Frenchtown Charter Township Board  
Monroe, MI

Dear Board Members,

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frenchtown Charter Township for the year ended December 31, 2007, and have issued our report thereon dated April 29, 2008. Professional standards require that we provide you with the following information related to our audit.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting with management.

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Frenchtown Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The disclosures in the financial statements are neutral, consistent and clear.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

We have requested certain representations from management that are included in the management representation letter.

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

We generally discuss a variety of matters, including the application of accounting principles, and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As a result of our audit, we have the following comments and recommendations for your consideration.

**Future Revenues** - The State of Michigan budget deficit and the decline in the housing market may both have an impact on the Township's revenues related to state shared revenue, taxable value and building permits. The forecasted revenues and collections should closely monitored.

**Interfund Balances** – Where possible all interfund liabilities should be repaid.

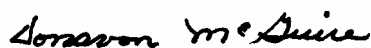
**Disbursements** – All vendor payments should be made from invoices, no payments should be made from statements.

**Compensated Absences** – Policies relative to carryovers and payoffs for vacation and personal time clarified.

**Water Loss** – The percent of water production compared to water billed increased to approximately 25% for the year. System leaks were the main reason for this loss.

We would like to take this opportunity to thank both the Board Officials and the employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in implementation, please contact us.

Sincerely,



L. Donavon McGuire, CPA  
McGuire & McDole  
Certified Public Accountants

***FRENCHTOWN CHARTER TOWNSHIP***

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***Monroe County, Michigan***

***FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED DECEMBER 31, 2007***

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INDEPENDENT AUDITOR'S REPORT

Township Board  
Frenchtown Charter Township  
Monroe, MI 48162

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Frenchtown Charter Township, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frenchtown Charter Township, Michigan as of December 31, 2007, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 26 through 28 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Frenchtown Charter Township's basic financial statements. The supplementary combining nonmajor fund financial statements and budgetary comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary combining nonmajor fund financial statements and budgetary comparisons have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGuire & McDole*

McGuire & McDole  
Certified Public Accountants

April 29, 2008

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

The Township's combined net assets increased 4.7% from a year ago – increasing from \$ 68,339.5 thousand to \$71,580.1 thousand. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase, of approximately \$1,953.8 thousand during the year (7.5% increase). The business-type activities experienced a \$1,286.8 thousand increase in net assets. In a condensed format, the table below shows a comparison (in thousands of dollars) of the net assets as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Current Assets	\$ 16,765.4	\$ 15,684.9	\$ 12,988.3	\$ 11,936.1	\$ 29,753.7	\$ 27,621.0
Noncurrent Assets	11,695.7	10,865.2	38,398.2	39,041.3	50,093.9	49,906.5
Total Assets	<u>28,461.1</u>	<u>26,550.1</u>	<u>51,386.5</u>	<u>50,977.4</u>	<u>79,847.6</u>	<u>77,527.5</u>
Long-Term Debt Outstanding	-	-	7,700.0	8,570.0	7,700.0	8,570.0
Other Liabilities	370.8	413.6	196.7	204.4	567.5	618.0
Total Liabilities	<u>370.8</u>	<u>413.6</u>	<u>7,896.7</u>	<u>8,774.4</u>	<u>8,267.5</u>	<u>9,188.0</u>
Net Assets						
Invested in Capital Assets-						
Net of Debt	11,695.7	10,865.2	30,698.2	30,471.3	42,393.9	41,336.5
Restricted	-	-	723.2	723.2	723.2	723.2
Unrestricted	<u>16,394.6</u>	<u>15,271.3</u>	<u>12,068.4</u>	<u>11,008.5</u>	<u>28,463.0</u>	<u>26,279.8</u>
Total Net Assets	<u>\$ 28,090.3</u>	<u>\$ 26,136.5</u>	<u>\$ 43,489.8</u>	<u>\$ 42,203.0</u>	<u>\$ 71,580.1</u>	<u>\$ 68,339.5</u>

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$2,183,200 for the governmental activities. This represents an increase of approximately 8.3%. The current level of unrestricted net assets for our governmental activities stands at \$16,394,600 or about 229% of expenditures.

**Frenchtown Charter Township**  
**Management's Discussion and Analysis**  
**December 31, 2007**

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Program Revenues						
Charges for Services	\$ 457.2	\$ 583.7	\$ 2,067.2	\$ 2,677.8	\$ 2,524.4	\$ 3,261.5
Operating Grants and Contributions	215.1	211.3	66.8	583.6	281.9	794.9
Capital Grants and Contributions					-	-
General Revenues						
Property Taxes	5,744.2	5,115.7	1,823.9	2,361.7	7,568.1	7,477.4
State-Shared Revenues	1,524.0	1,548.6			1,524.0	1,548.6
Franchise Fees and Permits	167.3	156.4			167.3	156.4
Unrestricted Investment Earnings	687.9	547.2	498.8	367.7	1,186.7	914.9
Transfers and Other Revenue	320.0	286.7			320.0	286.7
	<u>9,115.7</u>	<u>8,449.6</u>	<u>4,456.7</u>	<u>5,990.8</u>	<u>13,572.4</u>	<u>14,440.4</u>
Program Expenses						
General Government	1,668.3	1,630.5	-	-	1,668.3	1,630.5
Public Safety	3,572.1	3,259.8	-	-	3,572.1	3,259.8
Public Works	1,757.3	1,653.0	-	-	1,757.3	1,653.0
Recreation and Culture	164.2	311.8	-	-	164.2	311.8
Interest on Long-Term Debt	-	-	-	-	-	-
Water and Sewer	-	-	3,169.9	3,000.6	3,169.9	3,000.6
Total Expenses	<u>7,161.9</u>	<u>6,855.1</u>	<u>3,169.9</u>	<u>3,000.6</u>	<u>10,331.8</u>	<u>9,855.7</u>
Change in Net Assets	<u>\$ 1,953.8</u>	<u>\$ 1,594.5</u>	<u>\$ 1,286.8</u>	<u>\$ 2,990.2</u>	<u>\$ 3,240.6</u>	<u>\$ 4,584.7</u>

The Township's net assets continue to remain healthy. The total revenues decreased due to charges for services while expenses increased by 4.8%. As a result, net assets grew by \$3,240,600, compared to a prior year increase of \$4,584,700.

**Governmental Activities**

The Township's total governmental revenues increased by approximately \$666,100, primarily due to the increase in property taxes.

Expenses increased by \$306,800 during the year. This was primarily the result of increased public works and public safety expenses.

**Business-Type Activities**

The Township's business-type activities consist of a Water and a Sewer Fund. Water is produced through our own treatment facility. Sewage treatment is provided to residents by the City of Monroe.



**The Township's Funds**

Our analysis of the Township's major funds begins on page 7, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, the Fire Fund, and the Revolving Fund.

The General Fund pays for most of the Township's governmental services. Fire protection is provided by the Fire Fund which receives revenues from a Township tax levy.

**General Fund Budgetary Highlights**

During the fiscal period 2007, the Township Board amended the budget to reflect changes which took place during the year. There were no changes in the overall budget except for an increase in public works.

The expenditure budget reflects a balanced budget. All departments were within budget allocation.

**Capital Asset and Debt Administration**

Capital Assets - At December 31, 2007, the Township had \$50,093,924 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township.

Long-term Debt - At the end of the current fiscal year Frenchtown Charter Township had total bonded debt of \$7,700,000 consisting of county contracts. Debt decreased by \$870,000 during the year. One water debt issue was refunded during the year.

**Economic Factors and Next Year's Budgets and Rates**

The 2008 taxable value is anticipated to increase by 3.4% (approximately \$41,600,000) over the 2007 value not including the Headlee Rollback, which takes into consideration addition and reductions to the tax roll. The LETC busing millage will become part of the Township authorized operating millage beginning in 2008.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

**FRENCHTOWN CHARTER TOWNSHIP**  
GOVERNMENT WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business - Type Activities</i>	<i>Total</i>	<i>Resort District Authority</i>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 10,457,694	\$ 9,069,532	\$ 19,527,226	\$ 6,762,811
Receivables (Net of Allowance for Uncollectibles):				
Accounts	75,429	276,336	351,765	33,190
Taxes	5,744,392	1,826,909	7,571,301	1,648,811
Assessments	-	1,144,147	1,144,147	-
Due From State of Michigan	519,126	-	519,126	-
Due From Others	-	69,368	69,368	-
Internal Balances	(31,146)	31,146	-	-
Deferred Charges, Net of Amortization	-	344,851	344,851	-
Restricted Cash With Fiscal Agent	-	226,048	226,048	-
	<u>16,765,495</u>	<u>12,988,337</u>	<u>29,753,832</u>	<u>8,444,812</u>
Capital Assets:				
Land	1,313,326	115,800	1,429,126	6,716
Buildings and System	7,577,065	35,866,801	43,443,866	-
Improvements Other than Buildings	972,208	-	972,208	108,521
Machinery and Equipment	3,812,031	3,278,220	7,090,251	32,624
Infrastructure	2,829,970	-	2,829,970	1,455,322
Construction in Progress	638,763	8,998,807	9,637,570	-
Less Accumulated Depreciation	(5,447,672)	(9,861,395)	(15,309,067)	(195,737)
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,695,691</u>	<u>38,398,233</u>	<u>50,093,924</u>	<u>1,407,446</u>
Total Assets	<u>28,461,186</u>	<u>51,386,570</u>	<u>79,847,756</u>	<u>9,852,258</u>
<b>Liabilities</b>				
Accounts Payable	187,920	33,310	221,230	79,225
Accrued Liabilities	182,925	-	182,925	-
Due to Others	-	69,035	69,035	-
Accrued Interest Payable	-	94,395	94,395	-
Noncurrent Liabilities:				
Due Within One Year	-	1,000,000	1,000,000	-
Due in More Than One Year	-	6,700,000	6,700,000	-
Total Liabilities	<u>370,845</u>	<u>7,896,740</u>	<u>8,267,585</u>	<u>79,225</u>
<b>Net Assets</b>				
Invested in Capital Assets Net of Related Debt	11,695,691	30,698,233	42,393,924	1,407,446
Restricted for:				
Improvements	-	723,246	723,246	-
Unrestricted	16,394,650	12,068,351	28,463,001	8,365,587
Total Net Assets	<u>\$ 28,090,341</u>	<u>\$ 43,489,830</u>	<u>\$ 71,580,171</u>	<u>\$ 9,773,033</u>

See Accompanying Notes to the Financial Statements.

**FRENCHTOWN CHARTER TOWNSHIP**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Resort District Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 1,668,283	\$ -	\$ -	\$ -	\$ (1,668,283)	\$ -	\$ (1,668,283)	\$ -
Public Safety	3,572,101	457,181	-	-	(3,114,920)	-	(3,114,920)	-
Public Works	1,757,326	-	215,144	-	(1,542,182)	-	(1,542,182)	-
Culture and Recreation	164,179	-	-	-	(164,179)	-	(164,179)	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>7,161,889</u>	<u>457,181</u>	<u>215,144</u>	<u>-</u>	<u>(6,489,564)</u>	<u>-</u>	<u>(6,489,564)</u>	<u>-</u>
Business-Type Activities:								
Sewer	3,016,909	1,873,979	30,961	-	-	(1,111,969)	(1,111,969)	-
Water	152,946	193,225	35,804	-	-	76,083	76,083	-
Total Business-Type Activities	<u>3,169,855</u>	<u>2,067,204</u>	<u>66,765</u>	<u>-</u>		<u>(1,035,886)</u>	<u>(1,035,886)</u>	<u>-</u>
Total Primary Government	<u>\$ 10,331,744</u>	<u>\$ 2,524,385</u>	<u>\$ 281,909</u>	<u>\$ -</u>	<u>(6,489,564)</u>	<u>(1,035,886)</u>	<u>(7,525,450)</u>	<u>-</u>
Component Unit								
Resort District Authority	<u>\$ 705,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>705,368</u>
General Revenues:								
Property Taxes					5,744,208	1,823,870	7,568,078	1,651,929
State Shared Revenues					1,523,959	-	1,523,959	-
Franchise Fees and Permits					167,272	-	167,272	-
Unrestricted Investment Earnings					687,885	498,810	1,186,695	337,164
Miscellaneous					320,078	-	320,078	-
Transfers					-	-	-	-
Total General Revenues and Transfers					<u>8,443,402</u>	<u>2,322,680</u>	<u>10,766,082</u>	<u>1,989,093</u>
Change in Net Assets					1,953,837	1,286,794	3,240,631	1,283,725
Net Assets - Beginning					<u>26,136,504</u>	<u>42,203,036</u>	<u>68,339,540</u>	<u>8,489,308</u>
Net Assets - Ending				-6-	<u>\$ 28,090,341</u>	<u>\$ 43,489,830</u>	<u>\$ 71,580,171</u>	<u>\$ 9,773,033</u>

**FRENCHTOWN CHARTER TOWNSHIP**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<i>General</i>	<i>Fire</i>	<i>Revolving</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 5,470,891	\$ 1,222,634	\$ 3,181,776	\$ 582,393	\$ 10,457,694
Accounts Receivable	46,231	-	-	29,198	75,429
Taxes and Assessments Receivable	3,308,488	2,435,904	-	-	5,744,392
Due From Other Funds	212,195	-	-	-	212,195
Due From State of Michigan	519,126	-	-	-	519,126
<b>Total Assets</b>	<b>\$ 9,556,931</b>	<b>\$ 3,658,538</b>	<b>\$ 3,181,776</b>	<b>\$ 611,591</b>	<b>\$ 17,008,836</b>
<b>Liabilities</b>					
Accounts Payable	\$ 176,034	\$ 4,529	\$ -	\$ 7,357	187,920
Accrued Liabilities	15,380	32,390	-	3,486	51,256
Due to Other Funds	75,018	134,323	-	34,000	243,341
Deferred Revenue	3,308,488	2,435,904	-	-	5,744,392
<b>Total Liabilities</b>	<b>3,574,920</b>	<b>2,607,146</b>	<b>-</b>	<b>44,843</b>	<b>6,226,909</b>
<b>Fund Equity</b>					
Fund Balance :					
Unreserved Reported In					
General Fund	5,982,011	-	-	-	5,982,011
Special Revenue Funds	-	1,051,392	3,181,776	566,748	4,799,916
<b>Total Fund Equity</b>	<b>5,982,011</b>	<b>1,051,392</b>	<b>3,181,776</b>	<b>566,748</b>	<b>10,781,927</b>
<b>Total Liabilities and Equity</b>	<b>\$ 9,556,931</b>	<b>\$ 3,658,538</b>	<b>\$ 3,181,776</b>	<b>\$ 611,591</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

11,695,691

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

5,744,392

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(131,669)

Net Assets of Governmental Activities

\$ 28,090,341

See Accompanying Notes to the Financial Statements.

**FRENCHTOWN CHARTER TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>General</i>	<i>Fire</i>	<i>Revolving</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:					
Taxes	\$ 2,734,338	\$ 2,369,902	\$ -	\$ -	\$ 5,104,240
Licenses and Permits	167,272	-	-	457,181	624,453
State Grants	1,523,959	-	-	-	1,523,959
Assessments	-	-	-	215,144	215,144
Fines and Forfeits	34,833	-	-	-	34,833
Interest	374,667	120,402	167,383	25,433	687,885
Other Revenues	260,043	23,410	-	2,042	285,495
Total Revenues	<u>5,095,112</u>	<u>2,513,714</u>	<u>167,383</u>	<u>699,799</u>	<u>8,476,008</u>
Expenditures:					
Current:					
General Government	1,582,505	-	-	-	1,582,505
Public Safety	411,599	2,499,986	-	493,643	3,405,228
Public Works	2,321,729	-	-	199,661	2,521,390
Recreational and Cultural	479,481	-	-	-	479,481
Total Expenditures	<u>4,795,314</u>	<u>2,499,986</u>	<u>-</u>	<u>693,304</u>	<u>7,988,604</u>
Excess of Revenue Over (Under)					
Expenditures	<u>299,798</u>	<u>13,728</u>	<u>167,383</u>	<u>6,495</u>	<u>487,404</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	299,798	13,728	167,383	6,495	487,404
Fund Balance - Beginning	<u>5,682,213</u>	<u>1,037,664</u>	<u>3,014,393</u>	<u>560,253</u>	
Fund Balance - Ending	<u>\$ 5,982,011</u>	<u>\$ 1,051,392</u>	<u>\$ 3,181,776</u>	<u>\$ 566,748</u>	

Amounts reported for governmental activities in the statement of activities are different because:

-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

830,736

-Deferred tax revenues in the funds that do not provide current financial resources are reported as revenues in the statement of activities

639,968

-Increases in accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(4,021)

-The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets

(250)

**Change in Net Assets of Governmental Activities**

\$ 1,953,837

See Accompanying Notes to the Financial Statements.

**FRENCHTOWN CHARTER TOWNSHIP**  
**PROPRIETARY FUNDS STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	<i>Water System Current Year</i>	<i>Water System Prior Year</i>	<i>Sewer System Current Year</i>	<i>Sewer System Prior Year</i>	<i>Totals</i>
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 5,193,346	\$ 3,417,887	\$ 3,876,186	\$ 3,429,230	\$ 9,069,532
Accounts Receivable	276,336	289,993	-	-	276,336
Assessments Receivable	1,086,822	1,595,327	57,325	48,296	1,144,147
Taxes Receivable	1,826,909	2,368,805	-	-	1,826,909
Due From Other Funds	79,525	79,525	-	-	79,525
Due From City	69,368	542	-	133,768	69,368
Total Current Assets:	<u>8,532,306</u>	<u>7,752,079</u>	<u>3,933,511</u>	<u>3,611,294</u>	<u>12,465,817</u>
Noncurrent Assets:					
Cash With Fiscal Agent	226,048	376,428	-	-	226,048
Deferred Charges, Net of Amortization	344,851	327,709	-	-	344,851
Total Noncurrent Assets	<u>570,899</u>	<u>704,137</u>	<u>-</u>	<u>-</u>	<u>570,899</u>
Property, Plant, and Equipment:					
Construction in Progress	8,998,807	8,837,904	-	-	8,998,807
Land	115,800	115,800	-	-	115,800
Water & Sewer Lines	22,342,604	22,257,654	4,033,891	3,956,637	26,376,495
Water Plant	9,077,729	9,077,729	-	-	9,077,729
Taps	412,577	412,577	-	-	412,577
Equipment	3,278,220	3,273,136	-	-	3,278,220
Less: Accumulated Depreciation	(8,679,824)	(7,843,059)	(1,181,571)	(1,047,108)	(9,861,395)
Net Property, Plant, And Equipment	<u>35,545,913</u>	<u>36,131,741</u>	<u>2,852,320</u>	<u>2,909,529</u>	<u>38,398,233</u>
Total Assets:	<u>44,649,118</u>	<u>44,587,957</u>	<u>6,785,831</u>	<u>6,520,823</u>	<u>51,434,949</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	33,040	30,721	270	120	33,310
Due to Other Funds	43,872	126,847	4,507	4,507	48,379
Due to City	48,069	55,248	-	-	48,069
Accrued Interest	94,395	103,791	-	-	94,395
Bonds Payable	1,000,000	915,000	-	-	1,000,000
Due to Others	20,966	14,510	-	-	20,966
Total Current Liabilities	<u>1,240,342</u>	<u>1,246,117</u>	<u>4,777</u>	<u>4,627</u>	<u>1,245,119</u>
Noncurrent Liabilities:					
Bonds Payable	6,700,000	7,655,000	-	-	6,700,000
Total Liabilities	<u>7,940,342</u>	<u>8,901,117</u>	<u>4,777</u>	<u>4,627</u>	<u>7,945,119</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	27,845,913	27,561,741	2,852,320	2,909,529	30,698,233
Restricted For Improvements	723,246	723,246	-	-	723,246
Unrestricted	8,139,617	7,401,853	3,928,734	3,606,667	12,068,351
Total Net Assets	<u>\$ 36,708,776</u>	<u>\$ 35,686,840</u>	<u>\$ 6,781,054</u>	<u>\$ 6,516,196</u>	<u>\$ 43,489,830</u>

See Accompanying Notes to the Financial Statements.

**FRENCHTOWN CHARTER TOWNSHIP**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Water System Current Year</i>	<i>Water System Prior Year</i>	<i>Sewer System Current Year</i>	<i>Sewer System Prior Year</i>	<i>Totals</i>
Operating Revenue:					
Use Charges	\$ 1,356,227	\$ 1,336,646	\$ -	\$ -	\$ 1,356,227
Charges for Services	475,975	826,986	154,725	428,447	630,700
Other	41,777	67,188	38,500	18,500	80,277
Total Operating Revenue	1,873,979	2,230,820	193,225	446,947	2,067,204
Operating Expenses:					
Wages and Fringes	820,993	812,531	-	-	820,993
Depreciation	836,765	834,049	134,463	131,888	971,228
Insurance	98,030	91,606	-	-	98,030
Pump Station	85,201	84,661	-	-	85,201
Plant Operation	-	-	-	-	-
Repairs and Maintenance	187,854	153,217	-	-	187,854
Raw Water Costs	181,555	167,631	-	-	181,555
Professional Services	17,079	7,147	17,022	5,687	34,101
Supplies	87,711	99,936	-	-	87,711
Other	305,562	111,257	1,461	119	307,023
Total Operating Expenses	2,620,750	2,362,035	152,946	137,694	2,773,696
Operating Income (Loss):	(746,771)	(131,215)	40,279	309,253	(706,492)
Non-Operating Revenue:					
Interest Income	310,035	239,388	188,775	128,330	498,810
Property Taxes	1,823,870	2,361,767	-	-	1,823,870
Assessments	30,961	559,595	35,804	24,000	66,765
Transfer In	-	-	-	-	-
Total Non-Operating Revenue	2,164,866	3,160,750	224,579	152,330	2,389,445
Non-Operating Expenses:					
Interest Expense	(309,947)	(439,468)	-	-	(309,947)
Amortization Expense	(86,212)	(61,446)	-	-	(86,212)
Total Non-Operating Expenses	(396,159)	(500,914)	-	-	(396,159)
Change in Net Assets	1,021,936	2,528,621	264,858	461,583	1,286,794
Net Assets - Beginning	35,686,840	33,158,219	6,516,196	6,054,613	42,203,036
Net Assets - Ending	\$ 36,708,776	\$ 35,686,840	\$ 6,781,054	\$ 6,516,196	\$ 43,489,830

See Accompanying Notes to the Financial Statements.

**FRENCHTOWN CHARTER TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Water System Current Year</i>	<i>Water System Prior Year</i>	<i>Sewer System Current Year</i>	<i>Sewer System Prior Year</i>	<i>Totals</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers and Users	\$ 2,869,211	\$ 2,061,046	\$ 317,964	\$ 302,119	\$ 3,187,175
Payments to Suppliers	(970,791)	(698,476)	(18,333)	(5,686)	(989,124)
Payments to Employees	(820,993)	(812,531)	-	-	(820,993)
Interfund (Payments) Receipts	(82,976)	6,262	-	-	(82,976)
Net Cash Provided by Operating Activities	<u>994,451</u>	<u>556,301</u>	<u>299,631</u>	<u>296,433</u>	<u>1,294,082</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on Investments	310,035	239,388	188,775	128,330	498,810
Increase in Property, Plant, and Equipment	(250,937)	(2,406,246)	(77,257)	(7,325)	(328,194)
Net Cash (Used) Provided in Investing Activities	<u>59,098</u>	<u>(2,166,858)</u>	<u>111,518</u>	<u>121,005</u>	<u>170,616</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from Debt	4,615,000	-	-	-	4,615,000
Deferred Refunding Costs	(103,354)	-	-	-	(103,354)
Assessment Revenue	30,961	559,595	35,804	24,000	66,765
Property Taxes	1,823,870	2,361,767	-	-	1,823,870
Interest Paid	(309,947)	(439,468)	-	-	(309,947)
Bonds Paid	(5,485,000)	(870,000)	-	-	(5,485,000)
Net Cash (Used) Provided For Capital and Related Financing Activities	<u>571,530</u>	<u>1,611,894</u>	<u>35,804</u>	<u>24,000</u>	<u>607,334</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,625,079	1,337	446,953	441,438	2,072,032
Cash and Cash Equivalents - Beginning	<u>3,794,315</u>	<u>3,792,978</u>	<u>3,429,230</u>	<u>2,987,792</u>	<u>7,223,545</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 5,419,394</u></u>	<u><u>\$ 3,794,315</u></u>	<u><u>\$ 3,876,183</u></u>	<u><u>\$ 3,429,230</u></u>	<u><u>\$ 9,295,577</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (746,771)	\$ (131,215)	\$ 40,279	\$ 309,253	\$ (706,492)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	836,765	834,049	134,463	131,888	971,228
Changes In Current Assets & Liabilities:					
Accounts Payable	2,320	16,979	150	120	2,470
Accounts Receivable	13,657	442			13,657
Assessments Receivable	508,505	(96,417)	(9,029)	(11,060)	499,476
Taxes Receivable	541,896	(102,949)			541,896
Accrued Interest	(9,396)	7,864			(9,396)
Due to Others	(723)	20,753			(723)
Due from Other Funds	-	-		2,813	-
Due from Others	(68,826)	533	133,768	(133,768)	64,942
Due to Other Funds	(82,976)	6,262		(2,813)	(82,976)
Total Adjustments	<u>1,741,222</u>	<u>687,516</u>	<u>259,352</u>	<u>(12,820)</u>	<u>2,000,574</u>
Net Cash (Used) Provided By Operating Activities	<u><u>\$ 994,451</u></u>	<u><u>\$ 556,301</u></u>	<u><u>\$ 299,631</u></u>	<u><u>\$ 296,433</u></u>	<u><u>\$ 1,294,082</u></u>
	-		-		
Cash interest paid	<u><u>\$ 319,343</u></u>				

See Accompanying Notes to the Financial Statements.



**FRENCHTOWN CHARTER TOWNSHIP**  
**FIDUCIARY FUNDS -- STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	<i>Pension Trust Fund</i>	<i>Retirees Health Insurance Fund</i>	<i>Agency Fund Type (Property Tax Collection Fund)</i>
Assets			
Cash and Cash Equivalents	\$ -	\$ 555,293	\$ 3,928,121
Investments at Fair Value:			
Mutual Funds	3,861,784	-	-
Taxes Receivable	-	-	35,979,397
Total Assets	3,861,784	555,293	<u>\$ 39,907,518</u>
Liabilities			
Due to County	-	-	7,456,013
Due to State	-	-	7,191,439
Due to Schools	-	-	22,741,301
Due to Others	-	-	2,518,765
Total Liabilities	-	-	<u>\$ 39,907,518</u>
Net Assets			
Held in Trust for Benefits	<u>\$ 3,861,784</u>	<u>\$ 555,293</u>	

See Accompanying Notes to the Financial Statements.

**FRENCHTOWN CHARTER TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Pension Trust Fund</i>	<i>Retirees Health Insurance Fund</i>
<b>Additions:</b>		
Contributions		
Employer	\$ 248,456	\$ 360,000
Plan Members	<u>6,249</u>	<u>-</u>
Total Contributions	254,705	360,000
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	<u>258,010</u>	<u>11,629</u>
Total Additions	<u>512,715</u>	<u>371,629</u>
<b>Deductions:</b>		
Benefits Paid	5,754	140,792
Administrative Fees	<u>22,251</u>	<u>-</u>
Total Deductions	<u>28,005</u>	<u>140,792</u>
Net Change	484,710	230,837
Net Assets - Beginning	<u>3,377,074</u>	<u>324,456</u>
Net Assets - Ending	<u><u>\$ 3,861,784</u></u>	<u><u>\$ 555,293</u></u>

See Accompanying Notes to the Financial Statements.

**Frenchtown Charter Township**  
**NOTES TO THE FINANCIAL STATEMENTS**

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- NOTE 1 - Summary of Significant Accounting Policies*
- NOTE 2 - Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - Stewardship, Compliance and Accountability*
- NOTE 4 - Deposits and Investments*
- NOTE 5 - Receivables*
- NOTE 6 - Capital Assets*
- NOTE 7 - Interfund Receivables, Payables and Transfers*
- NOTE 8 - Leases*
- NOTE 9 - Long-term Debt*
- NOTE 10 - Restricted Assets*
- NOTE 11 - Risk Management*
- NOTE 12 - Other Post-Employment Benefits*
- NOTE 13 - Employee Retirement Plan*
- NOTE 14 - Pending Litigation*
- NOTE 15 - Deferred Compensation Plan*
- NOTE 16 - Economic Dependence*

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Frenchtown Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Frenchtown Charter Township:

**A - Reporting Entity**

Frenchtown Charter Township is a municipal corporation governed by an elected seven member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

**Discretely Presented Component Units**

The Frenchtown Charter Township Resort District Authority is a special district of Frenchtown Charter Township. For financial reporting purposes they are a discretely presented component unit of Frenchtown Charter Township, and the Frenchtown Charter Township Resort District Authority issues its own separate financial statements. Copies of these financial statements can be obtained at:

Administrative Office:  
2979 Nadeau Road  
Monroe, MI 48161

Establishment of the Frenchtown Charter Township Resort District Authority -- Act 59 of the Public Acts of Michigan - 1986, authorized the establishment of a resort authority by a township. The purpose is to prevent deterioration, encourage historic preservation, and promote rehabilitation within the resort district. As organized, the Frenchtown Charter Township Resort District Authority performs the following functions:

1. Manages drainage and road improvement and construction that is bonded.
2. Oversees debt retirement of bonded debt that was used to finance the construction project and improvements.
3. Provides certain services including street lighting and garbage collection.
4. Performs other services as needed to fulfill its duties.

**B - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C - Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered available only when cash is received by the government.

Frenchtown Charter Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Frenchtown Charter Township as of the preceding December 31st. Although the Frenchtown Charter Township 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Frenchtown Charter Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). The 2007 taxable valuation of the Frenchtown Charter Township totaled \$1,191.3 million, on which ad valorem taxes levied consisted of 2.7166 mills for the Frenchtown Charter Township operating purposes, 1.500 mills for water debt, 2.000 mills for fire protection, and .04733 for bus transportation. The taxes generated are recognized in the respective General, Special Revenue and Enterprise Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for specific revenues and fire protection expenses.

The Revolving Fund accounts for specific revenues and improvements.

The government reports the following major proprietary funds:

The Water Fund accounts for the activities of the water treatment system.

The Sewer Fund accounts for tap and assessment revenues, sewer system construction and related debt service.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

The retirees health insurance trust fund provides health insurance for retired employees.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes tap fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Restricted Assets--The bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Frenchtown Charter Township's water and sewer lines.

Capital Assets--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	20 to 50 years
Improvements Other than Buildings	20 years
Machinery and Equipment	5 to 20 years
Water and Sewer Lines	30 to 50 years
Infrastructure	20 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick leave pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$131,669 are as follows:

Compensated absences	\$ <u>(131,669)</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$830,736 are as follows:

Capital outlay	\$ 1,362,438
Depreciation	<u>(531,702)</u>
	<u><u>\$ 830,736</u></u>

**NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information --Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of September the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.





**NOTE 4--DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township evaluates each financial institution and assesses the risk level of each one, those with adequate risk levels are used for deposits. The Township has policy for this risk.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not recover the value of its investments or collateral securities that are in the custody of an outside party. The Township has only investments in mutual funds in the amount of \$3,681,784 which are uninsured, unregistered and held by counterparties for the particular securities. The Township has no policy for this risk.

Interest Rate Risk

Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. The Township has no policy for this risk. The Township has no policy with respect to investment maturities.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organizations. The Township follows the state guidelines and has no investments in this category. The Township has no policy for this risk.

**NOTE 5--RECEIVABLES**

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Accounts	\$ 46,231	\$ -	\$ 276,336	\$ -	\$ 29,198	\$ 351,765
Special Assessments	-	-	1,086,822	57,325	-	1,144,147
Taxes	3,308,488	2,435,904	1,826,909	-	-	7,571,301
Gross Receivables	3,354,719	2,435,904	3,190,067	57,325	29,198	9,067,213
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Receivables	<u>\$ 3,354,719</u>	<u>\$ 2,435,904</u>	<u>\$ 3,190,067</u>	<u>\$ 57,325</u>	<u>\$ 29,198</u>	<u>\$ 9,067,213</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Taxes	<u>\$ 5,744,392</u>

**NOTE 6--CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

<b><u>Primary Government</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated :				
Land	\$ 1,313,326	\$	\$ -	\$ 1,313,326
Construction in Progress	-	638,763		638,763
	<u>1,313,326</u>	<u>638,763</u>	<u>-</u>	<u>1,952,089</u>
Capital Assets Being Depreciated :				
Buildings	7,577,065	-		7,577,065
Improvements Other Than Buildings	582,802	389,406		972,208
Infrastructure	2,563,170	266,800		2,829,970
Machinery and Equipment	3,758,562	67,469	(14,000)	3,812,031
Subtotal	<u>14,481,599</u>	<u>723,675</u>	<u>(14,000)</u>	<u>15,191,274</u>
Less Accumulated Depreciation for :				
Buildings	2,098,963	150,561		2,249,524
Improvements Other Than Buildings	442,399	39,195		481,594
Infrastructure	344,663	141,499		486,162
Machinery and Equipment	2,043,695	200,447	(13,750)	2,230,392
Subtotal	<u>4,929,720</u>	<u>531,702</u>	<u>(13,750)</u>	<u>5,447,672</u>
Net Capital Assets Being Depreciated	<u>9,551,879</u>	<u>191,973</u>	<u>(250)</u>	<u>9,743,602</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 10,865,205</u>	<u>\$ 830,736</u>	<u>\$ (250)</u>	<u>\$ 11,695,691</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets Not Being Depreciated :				
Land	\$ 115,800	\$ -	\$ -	\$ 115,800
Construction in Progress	8,837,904	160,903		8,998,807
	<u>8,953,704</u>	<u>160,903</u>	<u>-</u>	<u>9,114,607</u>
Capital Assets Being Depreciated :				
Buildings and System	35,704,597	162,204		35,866,801
Machinery and Equipment	3,273,136	5,084		3,278,220
	<u>38,977,733</u>	<u>167,288</u>	<u>-</u>	<u>39,145,021</u>
Less Accumulated Depreciation for :				
Buildings and System	7,454,788	783,482		8,238,270
Machinery and Equipment	1,435,379	187,746		1,623,125
	<u>8,890,167</u>	<u>971,228</u>	<u>-</u>	<u>9,861,395</u>
Net Capital Assets Being Depreciated	<u>30,087,566</u>	<u>(803,940)</u>	<u>-</u>	<u>29,283,626</u>
Business-Type Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 39,041,270</u>	<u>\$ (643,037)</u>	<u>\$ -</u>	<u>\$ 38,398,233</u>

Depreciation expense was charged to programs of the primary government as follows:

<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>	
General Government	\$ 113,689	Sewer	\$ 134,463
Public Safety	200,810	Water	836,765
Public Works	141,499	Total Business-Type	
Recreation and Culture	75,704	Activities	\$ 971,228
Total Governmental Activities	<u>\$ 531,702</u>		

**NOTE 6--CAPITAL ASSETS (Continued)**

**Construction Commitments**

The Township has no construction contract commitments at December 31, 2007.

**Discretely Presented Component Units**

Capital asset activity of the Resort District Authority for the current year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Capital Assets Not Being Depreciated :				
Land	\$ 6,716	\$ -	\$ -	\$ 6,716
Construction in Progress	-	-	-	-
	<u>6,716</u>	<u>-</u>	<u>-</u>	<u>6,716</u>
Capital Assets Being Depreciated :				
Machinery and Equipment	32,624	-	-	32,624
Improvements - Other	108,521	-	-	108,521
Infrastructure	1,455,322	-	-	1,455,322
	<u>1,596,467</u>	<u>-</u>	<u>-</u>	<u>1,596,467</u>
Less Accumulated Depreciation for :				
Machinery and Equipment	18,236	7,354		25,590
Improvements - Other	10,852	5,426		16,278
Infrastructure	110,430	43,439		153,869
	<u>139,518</u>	<u>56,219</u>	<u>-</u>	<u>195,737</u>
Net Capital Assets Being Depreciated	<u>1,456,949</u>	<u>(56,219)</u>	<u>-</u>	<u>1,400,730</u>
Resort District Authority - Total				
Capital Assets - Net of Depreciation	<u>\$ 1,463,665</u>	<u>\$ (56,219)</u>	<u>\$ -</u>	<u>\$ 1,407,446</u>

**NOTE 7--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

*Due To/From Other Funds*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Fire Fund	\$ 134,323
	Water	43,872
	Non-Major Funds	34,000
Water	General	75,018
	Sewer	4,507
Total		<u>\$ 291,720</u>

*Interfund Transfers*

The Township had no interfund transfers for the year.

**NOTE 8--LEASES**

Frenchtown Charter Township had no lease obligations at December 31, 2007.

**NOTE 9--LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>						
County Contractual Obligations						
Water Plant	3.125-5.25%	2012	\$ 5,425,000	\$ (5,425,000)	\$ -	\$ -
Water Plant Refunding	4.0-4.25%	2012	-	4,615,000	4,615,000	930,000
Water System	5.20%	2029	3,145,000	(60,000)	3,085,000	70,000
Total Business-Type Activities			<u>\$ 8,570,000</u>	<u>\$ (870,000)</u>	<u>\$ 7,700,000</u>	<u>\$ 1,000,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,000,000	\$ 310,339
2009	1,010,000	270,773
2010	1,000,000	230,064
2011	1,000,000	188,325
2012	996,000	146,618
2013 and after	<u>2,694,000</u>	<u>1,308,902</u>
Total	<u>\$ 7,700,000</u>	<u>\$ 2,455,021</u>

**NOTE 10--RESTRICTED ASSETS**

The balances of the restricted asset (cash with fiscal agent) accounts in the proprietary funds are as follows:

Construction	<u>\$ 226,048</u>
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**NOTE 11--RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

**NOTE 12--OTHER POST-EMPLOYMENT BENEFITS**

The Township has post-employment health and dental benefits provided to retired board members and employees. This plan as established by the Township Board as an ordinance.

The Township funds these benefits through a Retirees Health Insurance Fund. The total cost of these benefits for the year ended December 31, 2007, was approximately \$140,792 for participants who qualified for and received benefits for the year.

**NOTE 13--EMPLOYEE RETIREMENT PLAN**

**Defined Contribution Pension Plan**

The Township provides pension benefits for all of its permanent employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For employees hired after 2000, the Township contributes a maximum of 10% of base wages for each employee, as follows: no contribution the first year, 2% the second year, with an additional 2% for years 3-6 until the employee reaches the maximum of 10%. Employees may voluntarily contribute up to a maximum of 10% of wages. An employee is fully vested after five years of service. An insurance company administers the Plan.

For employees hired prior to 2001, the Township contributes 15% of base wages for each employee. Employees may voluntarily contribute up to a maximum of 10% of wages. An employee is fully vested after three years of service. An insurance company administers the Plan.

The Township's total payroll for the year ended December 31, 2007 was \$2,725,793. The Township made the required contributions of \$248,546 on covered payroll.

**Note 14 -- PENDING LITIGATION**

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

**NOTE 15--DEFERRED COMPENSATION PLAN**

The Frenchtown Charter Township Board offers all Frenchtown Charter Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Frenchtown Charter Township's financial statements.

**Note 16 -- ECONOMIC DEPENDENCE**

The Township receives 36% of its tax revenue from one taxpayer.

**Required Supplementary Information**

**FRENCHTOWN CHARTER TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i>
				<i>Positive</i>
				<i>(Negative)</i>
<b>Beginning Fund Balance</b>	<b>\$ 658,057</b>	<b>\$ 658,057</b>	<b>\$ 5,682,213</b>	<b>\$ 5,024,156</b>
<b>Resources (Inflows)</b>				
Taxes and Penalties	2,730,836	2,730,836	2,734,338	3,502
Licenses and Permits	130,000	130,000	167,272	37,272
State Grants	1,500,000	1,500,000	1,523,959	23,959
Interest	200,000	200,000	374,667	174,667
Fines and Forfeitures	15,000	15,000	34,833	19,833
Other Revenue:	173,000	198,580	260,043	61,463
Transfers from Other Funds	-	666,448	-	(666,448)
<b>Total Resources (Inflows)</b>	<b>4,748,836</b>	<b>5,440,864</b>	<b>5,095,112</b>	<b>(345,752)</b>
<b>Amounts Available for Appropriation</b>	<b>5,406,893</b>	<b>6,098,921</b>	<b>10,777,325</b>	<b>4,678,404</b>
<b>Charges to Appropriations (Outflows)</b>				
General Government :				
Township Board	54,500	54,500	48,432	6,068
Supervisor	89,500	89,500	85,655	3,845
Elections	31,700	31,700	24,728	6,972
Clerk	142,850	142,850	135,242	7,608
Treasurer	121,100	121,100	103,247	17,853
Auditing	35,000	35,000	25,100	9,900
Legal	75,000	75,000	73,198	1,802
Board of Review	1,500	2,000	1,653	347
Assessing	210,820	210,820	174,465	36,355
Building and Grounds	274,000	274,000	160,504	113,496
General Operating	809,000	759,750	655,641	104,109
Senior Citizens	19,000	19,000	11,366	7,634
Industrial Park	10,500	10,500	2,900	7,600
Planning and Zoning	119,248	119,248	80,374	38,874
Total General Government	1,993,718	1,944,968	1,582,505	362,463
Public Safety				
Police Protection	408,000	411,950	411,599	351
Public Works	2,530,625	3,197,073	2,321,729	875,344
Cultural & Recreation				
Library	48,000	48,600	41,620	6,980
Recreation	376,550	446,330	437,861	8,469
Total Cultural & Recreation	424,550	494,930	479,481	15,449
Transfers to Other Funds	50,000	50,000	-	50,000
<b>Total Charges to Appropriations</b>	<b>5,406,893</b>	<b>6,098,921</b>	<b>4,795,314</b>	<b>1,303,607</b>
<b>Budgetary Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,982,011</b>	<b>\$ 5,982,011</b>



**FRENCHTOWN CHARTER TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i>
				<i>Positive</i>
				<i>(Negative)</i>
<b>Beginning Fund Balance</b>	\$ 165,000	\$ 165,000	\$ 1,037,664	\$ 872,664
<b>Resources (Inflows)</b>				
Taxes and Penalties	2,443,361	2,443,361	2,369,902	(73,459)
Interest	60,000	60,000	120,402	60,402
Other Revenue:	28,000	28,000	23,410	(4,590)
<b>Total Resources (Inflows)</b>	<u>2,531,361</u>	<u>2,531,361</u>	<u>2,513,714</u>	<u>(17,647)</u>
<b>Amounts Available for Appropriation</b>	<u>2,696,361</u>	<u>2,696,361</u>	<u>3,551,378</u>	<u>855,017</u>
<b>Charges to Appropriations (Outflows)</b>				
Public Safety				
Wages			1,288,573	
Benefits			985,391	
Professional Fees			5,367	
Utilities			32,780	
Repair and Maintenance			66,648	
Supplies			76,435	
Other			43,789	
Capital			1,003	
<b>Total Charges to Appropriations</b>	<u>2,696,361</u>	<u>2,696,361</u>	<u>2,499,986</u>	<u>196,375</u>
<b>Budgetary Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,051,392</u>	<u>\$ 1,051,392</u>

**FRENCHTOWN CHARTER TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**REVOLVING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget - Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	
<b>Beginning Fund Balance</b>	\$ -	666,448	\$ 3,014,393	\$ 2,347,945
<b>Resources (Inflows)</b>				
Interest			167,383	167,383
Transfers from Other Funds	-	-	-	-
<b>Total Resources (Inflows)</b>	-	-	167,383	167,383
<b>Amounts Available for Appropriation</b>	-	666,448	3,181,776	2,515,328
<b>Charges to Appropriations (Outflows)</b>				
General Government :	-	-	-	-
Transfers to Other Funds	-	666,448	-	-
<b>Total Charges to Appropriations</b>	-	666,448	-	-
<b>Budgetary Fund Balance - Ending</b>	\$ -	\$ -	\$ 3,181,776	\$ 2,515,328

**Additional Information**

**FRENCHTOWN CHARTER TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	<i>Special Revenue</i>				<i>Total Nonmajor Governmental Funds</i>
	<i>Liquor Law Enforcement</i>	<i>Street Lighting</i>	<i>Building Inspection Fund</i>	<i>Budget Stabilization Fund</i>	
<b>Assets</b>					
Cash and Cash Equivalents	\$ 4,932	\$ 47,904	\$ 224,055	\$ 305,502	\$ 582,393
Accounts Receivable	-	29,198	-	-	29,198
<b>Total Assets</b>	<b>\$ 4,932</b>	<b>\$ 77,102</b>	<b>\$ 224,055</b>	<b>\$ 305,502</b>	<b>\$ 611,591</b>
<b>Liabilities &amp; Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ -	\$ -	\$ 7,357	\$ -	\$ 7,357
Due to Other Funds		34,000			34,000
Accrued Liabilities	-	-	3,486	-	3,486
<b>Total Liabilities</b>	<b>-</b>	<b>34,000</b>	<b>10,843</b>	<b>-</b>	<b>44,843</b>
<b>Fund Balances:</b>					
Unreserved/Designated	-	-	-	-	-
Unreserved/Undesignated	4,932	43,102	213,212	305,502	566,748
<b>Total Fund Balance</b>	<b>4,932</b>	<b>43,102</b>	<b>213,212</b>	<b>305,502</b>	<b>566,748</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 4,932</b>	<b>\$ 77,102</b>	<b>\$ 224,055</b>	<b>\$ 305,502</b>	<b>\$ 611,591</b>

**FRENCHTOWN CHARTER TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Special Revenue</i>				<i>Total Nonmajor Governmental Funds</i>
	<i>Liquor Law Enforcement</i>	<i>Street Lighting</i>	<i>Building Inspection Fund</i>	<i>Budget Stabilization Fund</i>	
Revenues:					
Licenses & Permits	\$ 11,156	\$ -	\$ 446,025	\$ -	\$ 457,181
Intergovernmental:					
Special Assessments	-	215,144	-	-	215,144
Interest	242	1,075	10,255	13,861	25,433
Other	-	-	2,042	-	2,042
	<u>11,398</u>	<u>216,219</u>	<u>458,321</u>	<u>13,861</u>	<u>699,799</u>
Expenditures:					
Current:					
Public Safety	9,736	-	483,907	-	493,643
Public Works	-	199,661	-	-	199,661
	<u>9,736</u>	<u>199,661</u>	<u>483,907</u>	<u>-</u>	<u>693,304</u>
Excess of Revenue Over (Under) Expenditures	<u>1,662</u>	<u>16,558</u>	<u>(25,586)</u>	<u>13,861</u>	<u>6,495</u>
Other Financing Sources					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>1,662</u>	<u>16,558</u>	<u>(25,586)</u>	<u>13,861</u>	<u>6,495</u>
Fund Balance - Beginning	<u>3,270</u>	<u>26,544</u>	<u>238,798</u>	<u>291,641</u>	<u>560,253</u>
Fund Balance - Ending	<u>\$ 4,932</u>	<u>\$ 43,102</u>	<u>\$ 213,212</u>	<u>\$ 305,502</u>	<u>\$ 566,748</u>